

## TELECOMMUNICATIONS

### Regulated telecommunications companies

Albion Telephone Corp.	Albion
Cambridge Telephone Co.	Cambridge
CenturyLink*	Boise
CenturyTel of Idaho, Inc.*	Salt Lake City, UT
CenturyTel of the Gem State*	Salt Lake City, UT
Citizens Telecommunications Company of Idaho*	Beaverton, OR
Columbine, dba Silver Star Communications	Freedom, WY
Frontier Communications Northwest, Inc.*	Beaverton, OR
Direct Communications Rockland, Inc.	Rockland
Inland Telephone Co.	Roslyn, WA
Fremont Telecom, Inc.	Missoula, MT
Midvale Telephone Company	Midvale
Oregon-Idaho Utilities, Inc.	Nampa
Pine Telephone System, Inc.	Halfway, OR
Potlach Telephone Company	Kendrick
Rural Telephone Company	Glenns Ferry

\* These companies are no longer rate regulated; however, they are still regulated for customer service.

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### ITSAP surcharge suspended for 2017 budget year

In May, the Commission suspended a surcharge assessed on all telephone lines. The surcharge had been 1 cent per month per line, with the revenue earmarked for the Idaho Telecommunications Service Assistance Program, which provides qualified low-income landline and cell phone users with a discount of \$2.50 per month.

While the number of telephone lines supporting the fund decreased in 2016, the number of recipients of the subsidy declined more sharply. That prompted the Commission to suspend the charge for the 2017 budget year.



The surcharge has declined significantly in the last two decades, from 13 cents per month in 1998, to 7 cents in 2013, and 3 cents in 2014.

In addition to ITSAP, a federal program, Lifeline, provides \$9.25 per month to help qualifying low-income citizens access phone and broadband service.

A number of factors played into the Commission's decision to suspend the surcharge, including:

- The number of ITSAP recipients dropped 42 percent from 2015 to 2016, and more than 85 percent since 2011 (from 25,310 to 3,880).
- The number of "land lines" declined 17 percent, to an average of 363,888 per month, from 2015 to 2016, and the number of wireless lines dropped 2 percent, to 1,384,720.
- The gross surcharge revenue for 2016 was reported at \$235,421, of which 18 percent was assessed on wireline services and 82 percent was assessed on wireless services.
- Administrative costs for the program reported by eligible telecommunications carriers decreased from \$33,089 in 2015 to \$23,235 in 2016.
- The ITSAP fund cash balance at the end of 2016 was \$1,354,852.

### Surcharge on land lines increases, Universal Service Fund scrutinized

Faced with declining revenue as Idahoans increasingly abandon land line phone service, in August 2017 the Commission raised a monthly surcharge on land lines and questioned the sustainability of the Idaho Universal Service Fund (IUSF).

The fund was established in 1988 to ensure all Idahoans have access to local telephone service at reasonable rates.

This is accomplished by taking revenue collected from a surcharge on land-line users and long-distance call minutes, and distributing it to telecommunications carriers that meet eligibility requirements.

Over the last several years, however, revenue has been insufficient to cover distributions. In the most

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recent fiscal year, the fund collected nearly a half-million dollars less than it distributed. The trend prompted the Commission to raise the monthly surcharge on each residential line to 25 cents, up from 12 cents, and to 44 cents for each business line, up from 20 cents.

The change took effect Sept. 1, 2017.

The cost for each minute of a long-distance call also increased, from ½ cent per minute to 0.9 cents per minute.

The changes are expected to allow the fund to meet its obligations for the 2018 fiscal year, but the Commission expressed concern that raising the surcharge will cause more Idahoans to abandon their land lines, exacerbating the trend and eventually making the fund unsustainable.

To address this, the Commission opened a generic docket to facilitate communication with the general public, telephone company representatives and other stakeholders, with a goal of developing a sustainable approach for the fund in a declining industry where land lines are being replaced with new technology such as cell phones and Voice over Internet Protocol.